

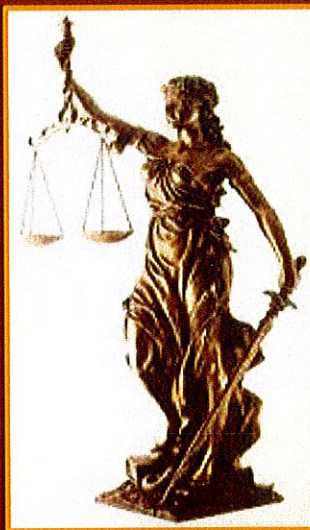
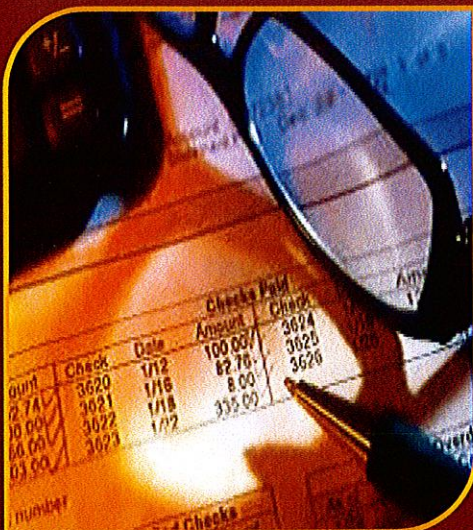
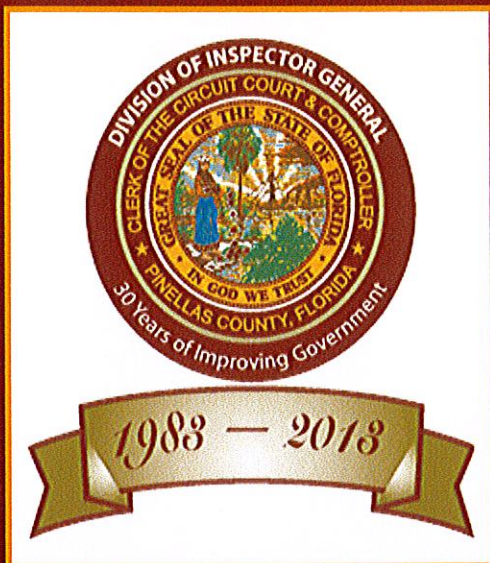


## DIVISION OF INSPECTOR GENERAL

KEN BURKE, CPA

CLERK OF THE CIRCUIT COURT AND COMPTROLLER  
PINELLAS COUNTY, FLORIDA

### INVESTIGATIVE FOLLOW-UP REPORT OF CLERK RECORDING DEPARTMENT DEPOSITS



An Accredited Office of  
Inspectors General

Hector Collazo, Jr., Director  
Inspector General/Chief Audit Executive

Investigation Team  
Ken Green, CIGA – Inspector General Manager  
Deborah Weiss, CIGA, CIGI – Inspector General Auditor II

NOVEMBER 27, 2013  
REPORT NO. 2013-43





## Ken Burke, CPA

CLERK OF THE CIRCUIT COURT AND COMPTROLLER  
PINELLAS COUNTY, FLORIDA

Clerk of the County Court  
Recorder of Deeds  
Clerk and Accountant of the Board of County Commissioners  
Custodian of County Funds  
County Auditor

### Division of Inspector General

510 Bay Avenue  
Clearwater, FL 33756  
Telephone: (727) 464-8371  
Fax: (727) 464-8386  
Fraud Hotline: (727) 45FRAUD (453-7283)  
Clerk's website: [www.mypinellasclerk.org](http://www.mypinellasclerk.org)

November 27, 2013

The Honorable Ken Burke  
Clerk of the Circuit Court and Comptroller

We have conducted an Investigative Follow-Up of the Clerk Recording Department Deposits. The objectives of our follow-up were to determine the implementation status of our previous recommendations.

Of the one recommendation contained in the investigative report, we determined that the recommendation was implemented. The status of the recommendation is presented in this investigative follow-up.

We appreciate the cooperation shown by the staff of the Clerk's Recording Department during the course of this follow-up.

Respectfully Submitted,

Hector Collazo, Jr., Director/Inspector General  
Public Integrity Investigations Unit  
Division of Inspector General



# TABLE OF CONTENTS

	Page
Introduction	4
Status of Recommendation	5
1. There Are No Documented Controls To Assure That All Cashier Deposit Envelopes Are Placed In The Safe At The End Of Business.	7

# INTRODUCTION

## ***Scope and Methodology***

We conducted an investigative follow-up of the Clerk Recording Department Deposits. The purpose of our follow-up is to determine the status of the previous recommendation for improvement.

The purpose of the original investigation was to:

- Determine if the deposits are truly missing.
- Determine if the deposits are lost or are stolen.
- Determine the circumstances related to losing the deposits, or the person(s) who stole the deposits.

To determine the current status of our previous recommendation, we surveyed and/or interviewed management to determine the actual actions taken to implement our recommendation for improvement. We performed limited testing to verify the process of the recommendation for improvement.

Our investigative follow-up was conducted in accordance with the *Principles and Standards for Offices of Inspector General* and *The Florida Inspectors General Standards Manual* from The Commission for Florida Law Enforcement Accreditation and, accordingly, included such tests of records and other auditing procedures, as we considered necessary in the circumstances. Our follow-up testing was performed during the month of November 2013. The original investigative period was July 1, 2012 through October 31 2012. However, transactions and processes reviewed were not limited by the investigative period.

## ***Overall Conclusion***

We determined that our recommendation in the report was implemented. We commend management for implementation of the recommendation.



# Status

OFI NO.	PREVIOUS RECOMMENDATION	IMPLEMENTATION STATUS				
		Implemented	Acceptable Alternative	Partially Implemented	Not Implemented	No Longer Applicable
1	<i>There Are No Documented Controls To Assure That All Cashier Deposit Envelopes Are Placed In The Safe At The End Of Business.</i>					
	Develop and implement documented policies and procedures that create strong internal controls related to the assurance of depositing all the funds received from customers.	✓				

## ***Background***

The Clerk of the Circuit Court and Comptroller is the County Recorder. The Clerk's Recording Department records, indexes, and archives all of the Official Records. Official Records are instruments that the Clerk of the Circuit Court and Comptroller is mandated to record in one general series called "Official Records" as provided for in Florida Statute 28.222.

Some examples of the types of Instruments that are indexed and recorded include:

- Bankruptcy documents
- Assignments
- Death Certificates
- Judgments
- Mortgages
- Tax Deeds

In addition to recording documents, the Recording Department also collects money for:

- Documentary stamp taxes
- Intangible taxes
- Recording fees
- Processing marriage applications
- Performing marriages
- Processing passport applications



# STATUS OF RECOMMENDATIONS

This section reports our investigative follow-up on actions taken by management on the Recommendations for Improvement in our original investigative report of the Recording Department Deposits. The recommendation contained herein is that of the investigative report, followed by the current status of the recommendation.

## ***1. There Are No Documented Controls To Assure That All Cashier Deposit Envelopes Are Placed In The Safe At The End Of Business.***

There are no documented controls to assure that all cashier deposit envelopes are accounted for and placed in the safe at the end of business each day. There are controls in place that verify and reconcile the various individual cashiers' receipts of funds for services provided to the customers. Those proceeds are put into the cashier's individual deposit envelopes. However, there are not any internal controls that:

- Assure all of the envelopes are placed in the department's safe at the end of the business day.
- Assure the envelopes are transferred to the armored courier service the next business morning for transfer to the bank.

The determination that these internal controls were inadequate was concluded by the Division of Inspector General (IG) after it completed its investigation of the two recent missing bank deposits. One deposit envelope from the February 29, 2012 business day containing \$268.50 in cash and \$5,596.80 in checks, and another envelope from the March 1, 2012 business day containing \$163.50 in cash and \$9,560.30 in checks were reported as missing on March 19, 2012. The total missing funds for both business days amounted to \$432 in cash and \$15,157.10 in checks.

During the scope of our investigation in the Recording Department, the IG staff:

- Observed the processing of receipts.
- Searched departmental space for the missing envelopes.
- Observed the armored courier pick up of bank deposits.
- Conducted interviews of selected staff.

In an effort to gain an understanding of the processes and controls the bank utilizes after the deposits are picked up by the armored courier, the IG staff toured two facilities utilized by the bank. We toured the money center where the armored courier drops off the deposits and the cash deposits are processed, and we also visited the central depository facility where the checks are delivered and processed.



During the tours at both facilities, we met with the bank's management staff and observed the delivery and processes for the deposits. Observations and discussions with management at both banking facilities indicated to us that controls are adequate for the oversight of the Clerk's deposits.

The Inspector General's office was not able to determine what happened to the missing cashier deposit envelopes, especially since there was a greater than two-week time lapse between the date of the incident and the date that it was discovered that they were lost. Management stated, and IG confirmed, that all funds for the missing checks have been recouped, leaving the impact of loss limited to the total of \$432 cash funds missing.

Clerk's management has not developed documented policies and procedures that assure that all the cashier deposit envelopes are placed in the safe at the end of business. Although the Recording Department has adopted the good control *practice* of assigning two staff members to close the financial transactions together each day with the cashiers, we observed on occasions where one of these "closers" was separated from the other because they were assisting one of the cashiers at the customer counter. That diminishes the benefit of internal controls that may result from having two persons working together while accounting for the daily receipts.

The funds received for processing customer transactions are at risk of being lost or improperly used if internal controls are not in place to assure all deposits are made. Strong internal controls are needed to safeguard the funds received from customers for all the transactions processed by the Clerk's staff.

During the course of our investigation, we observed that management has since implemented a procedure for the department to confirm the number of bags placed in the safe and picked up by the armored courier services. Management stated that the procedure will be formalized in writing as part of the department's overall policies and procedures.

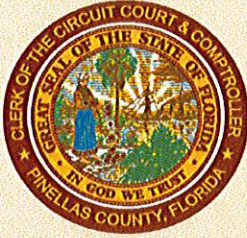
**We recommended management:**

Develop and implement documented policies and procedures that create strong internal controls related to the assurance of depositing all the funds received from customers.

**Status:**

**Implemented.** Management stated additional training was provided to staff to strengthen the control environment for the deposit of customer funds. Management has implemented written policies and procedures to assure that all funds received from customers are properly deposited.





# DIVISION OF INSPECTOR GENERAL

KEN BURKE, CPA  
CLERK OF THE CIRCUIT COURT  
& COMPTROLLER  
PINELLAS COUNTY, FLORIDA

## SERVICES PROVIDED

AUDIT SERVICES  
INVESTIGATIONS  
GUARDIANSHIP SERVICES  
CONSULTING  
TRAINING  
GUARDIANSHIP FRAUD HOTLINE  
COUNTY FRAUD HOTLINE



An Accredited Office of  
Inspectors General

**Call:** (727) 45FRAUD

(727) 453-7283

**Fax:** (727) 464-8386

**Internet:** [www.mypinellasclerk.org](http://www.mypinellasclerk.org)

 [www.twitter.com/pinellasig](https://twitter.com/pinellasig)

 [www.facebook.com/igpinellas](https://www.facebook.com/igpinellas)



**Write:**

Fraud Hotline  
Public Integrity Unit  
Division of Inspector General  
510 Bay Avenue  
Clearwater, FL 33756